

Message Text

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PAGE 01 ROME 12128 221905Z

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C O N F I D E N T I A L ROME 12128

E.O. 11652: GDS

TAGS: ENRG, TECH

SUBJECT: FRENCH REORGANIZATION OF NUCLEAR INDUSTRY

REF: PARIS 20567

1. SUMMARY. SENIOR ITALIAN ENERGY OFFICIALS HAVE EXPRESSED CONCERN THAT THE NEW DIRECTION TO BE TAKEN BY THE FRENCH NUCLEAR ACTIVITY MEANS EVENTUAL FRENCH HEGEMONY IN EUROPEAN NUCLEAR ACTIVITIES, WHICH WOULD PRECLUDE FULL DEVELOPMENT OF AN ITALIAN NUCLEAR INDUSTRY. THEY SUGGEST AN INTENSIFICATION OF AMERICAN-ITALIAN NUCLEAR ACTIVITIES TO COUNTERACT THE FRENCH. END SUMMARY

2. IN THE WAKE OF FRENCH GOVERNMENT REORGANIZATION OF THE FRENCH NUCLEAR POWER INDUSTRY, KEY ITALIAN OFFICIALS OF CNEN AND ENEL HAV PRIVATELY EXPRESSED CONCERN THAT THE TRUE PURPOSE OF THE REORGANIZATION IS TO REINFORCE FRENCH LEADERSHIP OF EUROPEAN NUCLEAR ACTIVITY. THEY FORESEE FRENCH DEVELOPMENT OF A JOINT ENERGY PROGRAM SIMILAR IN DESIGN TO THE FRENCH-LED JOINT SPACE LAUNCHING FACILITY, WHICH WOULD CONFIRM AND STRENGTHEN FRENCH SUCCESSES IN THE NUCLEAR FIELD. THE ITALIAN OFFICIALS POINT TO THE SUCCESS OF THE EURODIF, CORDIF, PHENIX AND SUPER PHENIX AND THE STRONG FRENCH PERFORMANCE IN
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PAGE 02 ROME 12128 221905Z

THE EXPORT MARKET TO BUTTRESS THEIR FEARS.

3. THESE OFFICIALS VIEW FRENCH HEGEMONY AS A THREAT TO THE FURTHER DEVELOPMENT OF AN ITALIAN NUCLEAR ENERGY INDUSTRY, SINCE FRENCH-LED ACTIVITIES OF A SO-CALLED "EUROPEAN" NATURE HAVE DISPROPORTIONATELY STRENGTHENED FRENCH FIRMS UNDER THE GUISE OF EUROPEANISM. THEY POINTED TO THE FRENCH-LED ARIANE SPACE LAUNCH PROGRAM AND THE FRENCH SALES PITCH ON THE NATO FIGHTER AIRCRAFT PROGRAM.

4. THE OFFICIALS RECOMMEND, AS AN ANTIDOTE TO THE FRENCH MOVE, THAT AMERICAN-ITALIAN BILATERAL NUCLEAR ACTIVITIES BE STRENGTHENED, NOT ONLY IN R&D BUT IN PRODUCTION AS WELL. PARTICULARLY VALUABLE WOULD BE DIRECT PARTICIPATION IN JOINT PROGRAMS RATHER THAN EXCHANGE OF INFORMATION.

5. COMMENT: THE ITALIAN OFFICIALS MAY HAVE OVER-DRAMATIZED THE EFFECTS OF THE FRENCH MOVE, AT LEAST IN THE SHORT RUN. AS THE REFTEL POINTS OUT, FRENCH EXPORT POTENTIAL WILL DROP WITHOUT CGE'S PLANNED CAPACITY OF FIVE REACTORS A YEAR, AND FRAMATOME'S DOMESTIC REQUIREMENTS MAY REDUCE ITS EXPORT INTEREST. THE GISCARD DECISION TO REDUCE THE FRENCH ORDERS FOR NUCLEAR POWER PLANTS HAS HAD A DIRECT EFFECT ON ITALIAN INDUSTRY, AS MILAN-BASED BREDAS WAS TO HAVE CONSTRUCTED THE PRESSURE VESSELS TO BE EMPLOYED, MORE POSITIVELY, THESE ITALIAN OFFICIALS SEE MORE TO BE GAINED THROUGH CO-OPERATION WITH THE U.S. THAN WITH THE FRENCH. NOT ONLY ARE CONTACTS BETWEEN U.S. AND ITALIAN FIRMS LONG-STANDING AND EXTENSIVE, IN MANY CASES THEY ARE EXCLUSIVE AND BINDING. FURTHER, U.S. TECHNOLOGY IS MORE SUITABLE FOR ITALIAN NUCLEAR PROGRAMS CURRENTLY UNDER STUDY. VOLPE

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